

GREAT BRITAIN. MINISTRY OF
NATIONAL INSURANCE

Increases in old age, widows'
and blind persons' pensions.

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MINISTRY OF NATIONAL INSURANCE

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INCREASES IN OLD AGE, WIDOWS' AND BLIND PERSONS' PENSIONS

*Presented by the Minister of National Insurance to Parliament
by Command of His Majesty
July 1946*

LONDON
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INCREASES IN OLD AGE, WIDOWS' AND BLIND PERSONS' PENSIONS

INTRODUCTORY

1 During the discussion of the National Insurance Act in Parliament, the Government indicated that while the comprehensive scheme of National Insurance for which the Act provides could not be brought into operation for a considerable time, it was the intention to raise, as from the first week in October, the present rates of old age pensions. The increases would be designed to bring the rates and conditions for contributory old age pensions and the pensions of widows over 60 (including those of existing pensioners in Great Britain) as far as practicable into conformity with the retirement pension provisions of the Act; for non-contributory pensions, the maximum rates would be raised correspondingly and the means scale applicable to those pensions suitably extended. Power has accordingly been given in the National Insurance Act to carry out by regulations the necessary changes in the present old age and widows' pensions schemes, including consequential increases in the existing rates of pensions contributions. These regulations will be made as soon as possible, but the Government think that Parliament, and also contributors and pensioners, ought to have a full and immediate statement of the main changes in the present pensions schemes which it is proposed to bring into force in October.

2 The effect of the changes will be to add to the provisions of the existing Contributory Pensions Acts the retirement and earnings conditions applicable to pensions under the new scheme. The Government have, however, reached the conclusion that it is impracticable to introduce in October all the features of the retirement pension scheme embodied in the National Insurance Act, including in particular the arrangement for the payment of higher rates of pension to persons who defer retirement and pay contributions beyond pension age.

3 Consequently, the Government have decided that insured persons who reach pension age between the beginning of October, 1946, and the date when the full scheme comes into operation shall continue to be able to claim, without retiring, a pension at the rate (normally 10s. a week) to which they would have been entitled if the existing contributory pensions scheme had remained unaltered. These persons will be able to claim, in addition, on retirement or on reaching age 70 (men) and 65 (women), the increase in pension to be provided under the arrangements which will come into force in October. In view of the country's man-power situation the Government are anxious that everyone who is able to remain at work should postpone retirement for as long as possible.

4 During the transitional period insured persons on reaching pension age will cease, as at present, to be liable to pay contributions and to be eligible for sickness or unemployment benefits.

5 Pensions are at present paid by means of Pension Order Books current for periods up to 52 weeks. The orders in these books are cashable week by week at Post Offices. The Ministry of National Insurance, the Customs and Excise Department and the Assistance Board, have reviewed the position of all existing pensioners in the light of the changes to be brought into effect from the beginning of October. In the majority of cases the necessary information on which to assess the increased rate of pension due is already available to

the Departments. In the remaining cases adjustments are to be effected on the basis of enquiries addressed to pensioners, directed in the main to ascertaining whether they are retired from work. It will not, therefore, be necessary for existing pensioners to make formal application for the increases. Their present Pension Order Books will either be exchanged for a new book at the Post Office in the week before the new rates of pension become due or, in the case of those non-contributory pensioners whose books are not due for renewal at this time, the new books will be sent to them.

6 In view of the increased rates of pension now to become payable under the existing Contributory Pensions Acts, it is necessary to make corresponding increases in the rates of pension contributions. The present cards to which health and pensions insurance stamps are affixed are current until July, 1947, and the rates of contribution shown thereon will therefore not be correct as from 30th September, 1946. It is not possible to replace or alter these contribution cards. Insurance stamps for the new values are, however, being provided and will be available when the new rates of contribution become due.

Publicity.

7 In view of the short time which will be available in which to prepare for and make known these far reaching changes in the existing pension schemes, all available methods of publicity will be used in order to bring the changes and the procedure to be followed to the notice of pensioners, insured persons and their employers. These will include leaflets, posters, advertisements and press and broadcast announcements.

CONTRIBUTORY OLD AGE PENSIONS.

Men aged 65-70: Women aged 60-65.

8 The pension of 10s. weekly now paid to an insured man at 65 years of age, and to a woman insured in her own right at 60 years of age, will be increased to 26s. weekly, if the pensioner has retired from regular employment. The pension of 10s. weekly payable at 60 years of age to a married woman who is not separately insured, by reason of her husband's insurance, will be increased to 16s. weekly when her husband becomes entitled to an increased pension, if she also is retired.

9 Notice of retirement from regular employment will be required from applicants for the increased pension who reach pension age after 30th September, 1946 (where necessary, enquiry has been made direct of existing pensioners on this point). Earnings after retirement will be taken into account to the extent that if in any week the earnings exceed 20s. the pension for the following week will be reduced by one shilling for each complete shilling earned in excess of 20s. This reduction for earnings will not, however, operate to reduce the pension in any week below the amount now payable. For married couples the earnings test will be applied separately to the pensions of husband and wife. Thus if in any week the husband had earned over 36s., so that his pension was reduced to 10s., his wife's pension would not be affected unless she herself had earned more than 20s. in that week.

Men over 70: Women over 65.

10 At 70 years of age for men, and at 65 years for women, retirement from regular employment will be assumed and the earnings rule will cease

to apply. The increased pension will then be payable without any reduction on account of earnings. A married woman whose pension is based on her husband's insurance cannot, however, receive the increased rate until her husband has become entitled to it.

Modified pensions.

11 Certain classes of persons insured under the existing Contributory Pensions Acts are entitled to a modified pension varying between 1s. and 10s. weekly. These classes comprise:—

(a) persons who entered insurance for old age pensions purposes at 45 years of age or later and who have retired on superannuation from employment which is specially excepted from insurance for old age pensions purposes by a certificate of exception issued to the employing authority; the persons concerned are mainly retired railway clerks, local government officers and civil servants;

(b) persons who entered insurance for old age pensions purposes at 45 years of age or later, after surrendering a certificate of exemption from compulsory insurance;

(c) voluntary contributors separately insured for pension who failed to maintain the average of 50 contributions a year required for full rate of pension; and

(d) persons who are in receipt of a pension as a dependant of some other person whose death was attributable to service in the Armed Forces or to the war.

12 For persons in these groups, pensions will be increased by approximately two and a half times for a man or a woman insured in her own right, and one and a half times for a married woman whose pension right is derived from her husband's insurance. Thus a single man or woman now receiving a pension of 6s. weekly, who has retired, will receive 15s. weekly. A retired married couple receiving 8s. each will receive 32s. (20s. for the husband and 12s. for the wife). The effect of these changes is shown in the following tables.

TABLE I.

Rates of Increased Pensions payable to Voluntary Contributors, and Widows of Voluntary Contributors, with deficient Contribution Records

Average number of contributions	Present Rates	Increased Rates	
	Widows' Pensions or Old Age Pensions (1937 Act* rates)	Widows' Pensions, Old Age Pensions : Men and Women on their own insurance	Old Age Pensions : Wives on their Husbands' insurance
45 and under 50 ...	9s.	23s.	14s.
40 " " 45 ...	8s.	20s.	12s.
35 " " 40 ...	7s.	18s.	11s.
30 " " 35 ...	6s.	15s.	9s.
26 " " 30 ...	5s.	13s.	8s.

* i.e., the Widows', Orphans' and Old Age Contributory Pensions (Voluntary Contributors) Act, 1937.

TABLE 2

Rates of Increased Old Age Pensions payable to persons who were formerly Exempt or in Excepted Employment

Age at entry into insurance for the purposes of the Regulations*	Present Rates	Increased Rates	
	Weekly rate of pension	Men and Women on their own insurance	Wives on their husbands' insurance
(a) of persons formerly exempt or in excepted employment :			
45 and under 47	9s.	23s.	14s.
47 " " 49	8s.	20s.	12s.
49 " " 51	7s.	18s.	11s.
51 " " 53	6s.	15s.	9s.
53 " " 55	5s.	13s.	8s.
55 " " 57	4s.	10s.	6s.
57 " " 59	3s.	8s.	5s.
59 " " 60	2s.	5s.	3s.
(b) of persons formerly exempt :			
60 and over	1s.	3s.	2s.

13 The rule for earnings in excess of 20s. weekly will apply to the increased modified pension. In these cases the pension in any week will not be reduced below the rate of modified pension payable under the present scheme.

14 For persons in group (b) the present scheme provides for the payment of the full pension of 10s. at 70 years of age. The new modified pension will therefore then be raised to the full rate of increased pension of 26s. weekly (16s. for a wife who qualifies on her husband's insurance).

15 Persons who become eligible for a modified pension after 30th September, 1946, will receive on retirement an increased pension appropriate to the rate of modified pension to which they would be entitled under the scheme as it now stands.

Voluntary Contributors.

16 Pensioners who are at present in receipt of the full old age pension of 10s. weekly based on voluntary insurance and those who become eligible after 30th September, 1946, will qualify for the increased rate of pension on the same footing as persons compulsorily insured (see paragraphs 8-10). The position of voluntary contributors whose contribution record is deficient has been dealt with in paragraph 12.

17 Special voluntary contributors insured under the Act of 1937 are required to be in insurance for ten years before becoming entitled to an old age pension and claims for old age pension from this class cannot therefore arise until 1948.†

* i.e., the Modification of Old Age Pensions Regulations, 1939 (S.R. & O. 1714).

† The general arrangements for this class during the transitional period will be announced shortly.

WIDOWS' PENSIONS.

Widows between 60 and 65.

18 Existing widow pensioners in receipt of a 10s. pension who are over 60 years of age on 30th September, 1946, and have retired will have their pension raised to 26s. weekly subject to the earnings rule. As in the case of old age pensioners, the earnings rule will not operate to reduce the pension in any week below the amount now payable. Widow pensioners who attain the age of 60 after 30th September, 1946, and women over 60 who are widowed after that date, will, if retired, be eligible for a pension of 26s. subject to the earnings rule, but if not yet retired, the pension to which there is title under the existing provisions will be paid.

Widows over 65.

19 Widow pensioners aged 65 years or over on 30th September, 1946, in receipt of a standard pension of 10s. weekly will have their pension increased to 26s. weekly without conditions as to earnings.* Widow pensioners reaching the age of 65 after that date and women of 65 and over who become widows will also receive the full increased rate of pension without reduction on account of earnings.

Widows of Voluntary Contributors.

20. Widows of voluntary contributors unless only entitled to a modified pension, will be treated on the same footing as the widow of a compulsory insured person.

Widows' modified pensions.

21 Widows in receipt of a modified pension in respect of their husband's deficient insurance record as a voluntary contributor, will have their pensions raised, if they are over 60 years of age on 30th September, 1946, in accordance with Table 1 (see paragraph 20). Any reduction necessary on account of earnings will not operate to reduce the pension below the present rate of modified pension. Widows in this class who, after this date, attain the age of 65, or women who are widowed when 65 years or over, will receive the increased pension appropriate to the rate of modified pension to which they are at present entitled, without regard to any earnings.

Widows under 60 and children.

22 No change is proposed, prior to the introduction of the main part of the National Insurance scheme, in the present provisions of the Contributory Pensions Acts under which a pension of 10s. is payable to a widow under 60 years. Nor will there be any alteration as regards the allowance of 5s. payable for the eldest or only child of a widow (the allowances for other children are to be superseded by the allowances payable under the Family Allowances Act), nor as regards the orphan's pension of 7s. 6d. weekly.

* This will not apply to the small number of widows who by reason of receipt of a dependant's war pension do not become eligible for a pension under the contributory pension scheme until the age of 70.

NON-CONTRIBUTORY OLD AGE PENSIONS.

23 The maximum rate of non-contributory pension (for which the qualifying age is 70 years for both men and women in the case of sighted persons, and 40 in the case of blind persons) will be raised in October to 26s. weekly except for a married woman for whom the maximum will be 16s. weekly. This change necessitates a revision of the means scale on which these pensions are assessed. The effect will be that, subject to means, married women who are now pensioners and persons in receipt of a pension of 1s. weekly will have their pensions raised to 16s. weekly and other existing pensioners will have their pension increased by 16s. weekly. A number of persons who have hitherto been unable to qualify for a pension because their means were above the maximum of the present scale will become eligible for pensions at rates varying between 2s. and 16s. weekly.

24 Under existing provisions, a person can qualify for the full pension of 10s. weekly if his yearly means calculated as prescribed by the relevant Act, and after deducting any unearned means up to £39, do not exceed £26 5s. od. The rate of pension is scaled down for persons with higher yearly means and no pension is payable if the yearly means, after deducting any unearned means up to £39, exceed £49 17s. 6d. Under the new scale the limit of £49 17s. 6d. will be raised to £89 5s. od. A non-contributory pension will not, however, be payable to any person concurrently with a pension under the Contributory Pensions Acts.

25 The following table shows the present rates of pension and the new rates payable at various levels of means.

TABLE 3.—*Increased Rates of Non-contributory Old Age Pensions and Blind Persons' Pensions*

Yearly means, after deducting unearned means up to £39	Present rate of pension	New Rates	
		Persons other than married women	Married women
Not exceeding £26/5/0	10s.	26s.	16s.
Exceeding £26/ 5/0 but not exceeding £31/10/0	8s.	24s.	16s.
" £31/10/0 " " £36/15/0	6s.	22s.	16s.
" £36/15/0 " " £42/ 0/0	4s.	20s.	16s.
" £42/ 0/0 " " £47/ 5/0	2s.	18s.	16s.
" £47/ 5/0 " " £49/17/6	1s.	16s.	16s.
" £49/17/6 " " £52/10/0	nil	16s.	16s.
" £52/10/0 " " £57/15/0	nil	14s.	14s.
" £57/15/0 " " £63/ 0/0	nil	12s.	12s.
" £63/ 0/0 " " £68/ 5/0	nil	10s.	10s.
" £68/ 5/0 " " £73/10/0	nil	8s.	8s.
" £73/10/0 " " £78/15/0	nil	6s.	6s.
" £78/15/0 " " £84/ 0/0	nil	4s.	4s.
" £84/ 0/0 " " £89/ 5/0	nil	2s.	2s.
" £89/ 5/0	nil	nil	nil

26 The existing rule that the means of a claimant or pensioner who is one of a married couple living together, are to be taken as half the joint means will be retained.

27 Thus, a married couple who have between them unearned means of £78 or more a year, will be entitled to the full pensions of 26s. for the husband and 16s. for the wife if the total yearly means of the couple do not exceed £130 10s. od. (£78 plus £52 10s. od.). They will be entitled

to pensions of 16s. each if their total yearly means, including unearned means of £78 or more, do not exceed £183 (£78 plus £105). Complete disentitlement will not occur until the total yearly means of the couple including unearned means of £78 or more exceed £256 10s. od.

28 The pensions of existing non-contributory old age pensioners will be adjusted to the increased rates without the necessity for an application for the increase by the pensioner. Persons who have previously failed in their application for a pension because their means were above the maximum of the present scale should make a fresh claim if they think they are within the revised scale in paragraph 25.

29 Any person who is not already a pensioner but has reached—or will, within four months, reach—the age of 70 (or 40 in the case of a blind person), whose yearly means are within the limits set out above and who is otherwise qualified, may make a claim forthwith. A form for this purpose may be obtained at any post office.

Administration.

30 The administration of non-contributory old age pensions is carried out by Pension Officers appointed by the Treasury. The Pension Officers hitherto appointed have been officers of Customs and Excise. The administration is now being transferred to the Assistance Board, who already deal with those cases in which supplementary pensions are in payment, and the Treasury has appointed local Officers of the Assistance Board to be Pension Officers. The appointment of officers of Customs and Excise has not been withdrawn and these officers will for the time being continue to perform certain functions, but the transfer will be completed by the 1st April, 1947.

SUPPLEMENTARY PENSIONS.

31 The changes in pension rates in no way affect the powers of the Assistance Board to grant supplementary pensions according to need. It will of course be the case that many who are in receipt of supplementation will no longer require it or will only need a lesser amount. The necessary adjustment in existing payments will be made by the Board who will notify the pensioner of his position before the end of September. In no case where the means have not changed will the total payable by way of pension and supplementation combined be less under the new arrangements than the amount now payable.

ADJUDICATION MACHINERY.

32 The National Insurance Act provides that decisions on claims shall be given by an Insurance Officer and that, except on certain matters, any question arising on a claim or an appeal against the decision of an Insurance Officer shall be decided by a local tribunal. A further appeal will lie, in certain circumstances, to a Commissioner to be appointed by the Crown. As this appeal machinery cannot be created in the time available, the machinery of the existing Acts will be used for determining questions as to title to the basic pension—e.g., as to the number of contributions paid since the date of last entry into insurance. Under this procedure, the decision as to title rests with the Minister, and there is a right of appeal to an independent Referee.

33 This machinery is not considered to be appropriate for the settlement of the new questions which will arise as to retirement and the amount of earnings. It is, therefore, proposed to adapt the procedure of the Unemployment Insurance Acts (which is, broadly speaking, also that contemplated in

Section 43 of the National Insurance Act). Decisions on these questions will be taken by the Minister, and cases of doubt will be referred for local inquiry to an officer of the Assistance Board, who will be empowered in appropriate cases to give a decision as agent for the Minister. An appeal from a decision of the Minister will be decided by the local Unemployment Insurance Court of Referees, and there will be a further right of appeal to the Umpire for Unemployment Insurance.

34 As no new types of questions will arise on claims to non-contributory pensions, the existing procedure whereby a claim is decided by a local Pensions Committee, subject to a right of appeal to the Minister, will continue. Similarly, the present arrangement whereby questions arising out of claims to supplementary pensions are determined by local tribunals will be continued.

FINANCE AND CONTRIBUTIONS.

35 As from 30th September, 1946, increased contributions will be payable as set out in the Appendix to this Memorandum. The new pension contributions represent, broadly, the amounts necessary in the case of persons who enter insurance at the age of 16 to meet five-sixths of the future cost of the pension benefits for which they will be insured under the new conditions. The contributions have in fact been assessed on the same general principles as were adopted in determining the pensions portion of the contributions payable under the new National Insurance scheme.

36 It is estimated that the new rates of pension will result in the total expenditure on pensions payable under and by virtue of the Contributory Pensions Acts, and on non-contributory old age pensions payable to persons subject to a means test and to blind persons, being increased during the transitional period from the present rate of about £127 millions a year (£117 millions for contributory pensions and £10 millions for non-contributory old age pensions) to about £268 millions a year (£241 millions for contributory pensions and £27 millions for non-contributory old age pensions)—an increase of £141 millions a year. On the other hand, there will be a consequential saving on supplementary pensions of about £61 millions a year, giving a net addition to pension expenditure of £80 millions a year.

37 The additional income provided by the new rates of contribution, amounting to about £78 millions a year, will almost equal the extra pensions cost during the transitional period, leaving only about £2 millions a year to be found by way of extra Exchequer charge during that period. It is not to be inferred from this, however, that the higher rates of pension are being granted at little or no cost to the Exchequer; on a long term view the position is very different.

38 The increases in contributory pensions granted to existing pensioners, amounting to 16s. a week more for a single person and 22s. more for a married couple, are entirely non-contributory in character—for these persons, if insured prior to reaching pension age, will have paid contributions related to the lower, existing level of pensions. Similarly those persons who attain pension age during the transitional period will have paid practically nothing in the way of higher contributions towards the higher pensions. Thus the initial outgo due to raising the pension rate, equal to about £80 millions a year, is almost entirely the liability of the Exchequer; and this charge, which will continue after the transitional period, will sooner or later fall to be met from taxation. The use of the extra contributions paid during the transitional period for defraying the current cost of pensions, does no more than defer the liquidation of this liability.

APPENDIX

National Health Insurance and Contributory Pensions Schemes

Principal Rates of Contributions as from 30th September, 1946

RATES FOR MEN

	Pensions		Health and Pensions		
	Em- ployer	Em- ployee	Em- ployer	Em- ployee	Total
	s. d.	s. d.	s. d.	s. d.	s. d.
1. <i>Employed contributor</i>					
(a) 16 or 17	1 0½	1 0½	1 6	1 6	3 0
(b) 18 to pensionable age	1 6½	1 6½	2 0	2 0	4 0
(c) after pensionable age	2 0	—	2 0	—	2 0
2. <i>Exempt person</i>	1 6½	5½	2 0	5½	2 5½
3. <i>Voluntary contributor</i> (contributions payable up to pension- able age)					
(i) all pensions	—	—	—	—	3 1
(ii) widows' and orphans' pensions only	—	—	—	—	1 1
(iii) combined health and pensions ...	—	—	—	—	4 0*
4. <i>Mercantile Marine (Foreign-going)</i>					
(a) 16 or 17	1 0½	1 0½	1 3	1 6	2 9
(b) 18 to pensionable age	1 6½	1 6½	1 9	2 0	3 9
(c) after pensionable age	1 9	—	1 9	—	1 9
(d) exempt person	1 6½	5½	1 9	5½	2 2½
5. <i>Excepted person</i>					
(a) <i>insured for all pensions</i>					
(i) 16 or 17	1 0½	1 0½	1 0½	1 0½	2 1
(ii) 18 to pensionable age	1 6½	1 6½	1 6½	1 6½	3 1
(b) <i>insured for widows' and orphans'</i> <i>pensions only</i>					
(i) 16 or 17	4½	4½	4½	4½	9
(ii) 18 to pensionable age	6½	6½	6½	6½	1 1

*This rate is 3d. less where income exceeds £120 per annum.

Note. Contributions for health insurance, including those for juvenile contributors, remain unaltered.

RATES FOR WOMEN

	Pensions		Health and Pensions		
	Em- ployer	Em- ployee	Em- ployer	Em- ployee	Total
	s. d.	s. d.	s. d.	s. d.	s. d.
1. <i>Employed contributor</i>					
(a) 16 or 17	8½	9	1 2	1 2	2 4
(b) 18 to pensionable age	1 2½	1 3	1 8	1 8	3 4
(c) after pensionable age	1 8	—	1 8	—	1 8
2. <i>Exempt person</i>	1 2½	—	1 8	—	1 8
3. <i>Voluntary contributor</i> (contributions payable up to pension- able age)					
(i) pensions only	—	—	—	—	2 5½
(ii) combined health and pensions ...	—	—	—	—	3 4*
4. <i>Mercantile Marine (Foreign-going)</i>					
(a) 16 or 17	8½	9	1 1	1 2	2 1
(b) 18 to pensionable age	1 2½	1 3	1 5	1 8	3 1
(c) after pensionable age	1 5	—	1 5	—	1 5
(d) exempt person	1 2½	—	1 5	—	1 5
5. <i>Excepted person insured for pensions</i>					
(i) 16 or 17	8½	9	8½	9	1 5½
(ii) 18 to pensionable age	1 2½	1 3	1 2½	1 3	2 5½

* This rate is 3d. less where income exceeds £420 per annum.

Note. Contributions for health insurance, including those for juvenile contributors remain unaltered.

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